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U.S., Soviet Actions to Determine Damage to Relations After Arrest

Events This Week Will Test Superpowers' Resolve As Reporter Awaits Trial

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WASHINGTON—President Reagan and Soviet leader Mikhail Gorbachev face decisions this week that will determine the extent to which the arrest of a U.S. reporter damages U.S.-Soviet relations.

U.S. and Soviet actions at three events will be the first barometer of the superpowers' ability and willingness to reach concrete agreements since the Aug. 30 arrest of U.S. News & World Report correspondent Nicholas Daniloff, who was released to the U.S. ambassador in Moscow last Friday.

The most important is the Friday and Saturday meeting of the two countries' foreign ministers in Washington, where the U.S. will press Moscow to finally set a date for a superpower summit.

Chance at Arms Understanding

The tone, however, may be set Thursday at the end of a 35-nation conference in Stockholm, Sweden. Senior officials say Mr. Reagan must either take the unpopular decision to grant Moscow a concession on verifying agreements covering conventional arms at an acrimonious moment in East-West relations or miss out on his best chance yet at achieving his first arms understanding with Moscow.

The Geneva, Switzerland, nuclear arms-control talks also resume Thursday, and U.S. officials believe long-awaited Soviet responses to U.S. proposals may indicate how serious Moscow is about achieving progress on arms control.

Soviet spy suspect Gennady Zakharov, whose Aug. 23 arrest in New York is believed to have prompted Moscow's imprisonment of Mr. Daniloff, also has been released to his ambassador. The conflict isn't over, however, as neither man is allowed to leave the country.

Groundwork for Trial

The Soviets also are doing groundwork for a show trial by publicly trying to link Mr. Daniloff with the Central Intelligence Agency. Moscow hasn't shown any intention of allowing the journalist to return to America until Mr. Zakharov is expelled—the sort of trade the Reagan administration has thus far refused to make.

"This is not half time, this is not even time out, the game is still moving along," said an administration official, who hoped the release of both men would defuse enough emotion to allow a diplomatic solution. Nevertheless, another official said the continuing dispute was "slowly eating like an acid at what we've been accomplishing."

Some administration officials and congressmen argue that the White House—by releasing Mr. Zakharov to his ambassador on the same day that Mr. Daniloff was given similar treatment—gave the unwanted appearance of equating the two cases.

"We've got to demonstrate in our handling of this case that we will proceed to arrest spies, and will not tolerate what's occurring," Sen. Richard Lugar (R., Ind.), chairman of the Foreign Relations Committee, said yesterday on ABC-TV's "This Week With David Brinkley."

Call for Retaliation

Sen. Lugar added that the administration this week has to demonstrate a different attitude "through retaliatory action, through the demonstrated will that we are not going to see equivalency."

This week's centerpiece is the long-delayed meeting of Secretary of State George Shultz and Soviet Foreign Minister Eduard Shevardnadze.

U.S. officials fear that if the Daniloff case isn't resolved, it will prevent progress on other issues and preclude the U.S. attempt to get a summit date this year. Messrs. Gorbachev and Reagan agreed at last November's Geneva summit that they would meet in the U.S. this year and in Moscow next year. The Soviets have balked at agreeing to a date, however, apparently with the goal of first gaining more assurance of U.S. arms-control concessions.

"You can't have a good, well-rounded discussion if this Daniloff thing is hanging around," says James Schlesinger, defense secretary under President Ford.

One senior official believes "it is highly unlikely" a summit can be arranged this year even if the Daniloff dispute is resolved this week, partly because time is short to settle complicated logistical problems, but also because of Mr. Gorbachev's realization that America's welcome would be unfriendly because of his handling of Mr. Daniloff.

This week's first test comes in Stockholm, at the Conference on Confidence- and Security-Building Measures and Disarmament in Europe. It revolves around whose planes and pilots would monitor adherence to the conference's agreements on reducing the risk of conventional war. Moscow late last week rejected neutral countries' offer of providing their planes and pilots and stood by its insistence that only Soviet planes could be used.

Administration officials say European allies, the Joint Chiefs of Staff, the CIA and the State Department favor accepting the Soviet offer, because even a flawed agreement would provide both the best verification accord yet and the first Reagan administration arms agreement with Moscow. Influential civilian hard-liners at the Pentagon argue that reconnaissance flights planned in advance by the Soviets would be of little use in verifying a Stockholm agreement.

Mr. Reagan, who is under increasing pressure as the Daniloff affair drags on, is in an uncomfortable position. Does he side with the administration majority and his allies or agree with hard-liners that concessions to Moscow at this time would send the wrong message?

New Offer

U.S. negotiators are returning to Geneva arms talks with a new offer to cut strategic arms.

Mr. Gorbachev still hasn't responded to a July 25 letter from President Reagan. The letter outlined the framework of a possible arms accord and included an unusual twin proposal to ban all ballistic missiles in the 1990s and share defensive-research findings.

U.S. negotiators have made several moves to encourage the Soviet leader. They have backed away from a proposed ban on mobile missiles. They will also suggest at the new session that the U.S. is prepared to accept shorter-term, 33% cuts in both sides' strategic forces instead of its previous position of 50% reductions.

Counting Missiles

Senior administration officials say the new U.S. proposal would permit the deployment of mobile ICBMs, such as the Soviet SS-24 and SS-25, only if the Soviets propose an acceptable way to locate and count such missiles.

But the strategic-arms talks remain deadlocked over the major issue of Mr. Reagan's Strategic Defense Inititaive, the missile defense plan commonly called "Star Wars."

If both sides want an early arms agreement, perhaps as a centerpiece for an eventual summit meeting, they could bypass the thorny Star Wars issue and negotiate reductions in intermediate-range nuclear forces in Europe.

Two main obstacles remain to such an agreement, senior U.S. officials say. First, the Soviets must drop their demand that France and Britain must not increase the size of their independent nuclear forces.

Second, the Americans insist that the Soviets must agree to reduce or eliminate their SS-20 medium-range missiles in Asia. Those missiles threaten China and U.S. allies in Asia and because they are mobile, they could be moved within range of European targets, U.S. officials argue.

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